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BEFORE THE ARIZONA CORPORATION COMMISSION**DOCKETED**

JUL 21, 1999

DOCKETED BY

MY

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY, AN ARIZONA
CORPORATION, TO EXTEND ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY AT SEDONA, YAVAPAI COUNTY,
ARIZONA.

DOCKET NO. W-01445A-98-0667

DECISION NO. 61849

IN THE MATTER OF THE APPLICATION OF BIG
PARK WATER COMPANY FOR AN EXTENSION
TO ITS CERTIFICATE OF CONVENIENCE AND
NECESSITY.

DOCKET NO. W-01624A-98-0367

OPINION AND ORDER

DATE OF HEARING: March 23, 1999

PLACE OF HEARING: Phoenix, Arizona

PRESIDING OFFICER: Teena Wolfe

APPEARANCES: Mr. Robert W. Geake, Vice President and General Counsel, on behalf
of Applicant Arizona Water Company;Mr. Richard L. Sallquist, SALLQUIST & DRUMMOND, P.C., on
behalf of Applicant Big Park Water Company; andMr. Christopher C. Kempley, Assistant Chief Counsel, Legal Division,
on behalf of the Utilities Division of the Arizona Corporation
Commission.**BY THE COMMISSION:**

Big Park Water Company ("Big Park"), an Arizona Corporation, filed with the Arizona
Corporation Commission ("Commission") on July 8, 1998 an application for the extension of its
existing Certificate of Convenience and Necessity ("CC&N" or "Certificate") in the Sedona area in
Yavapai County, Arizona ("Big Park Application").

On November 19, 1998 Arizona Water Company ("AWC"), an Arizona Corporation, filed
with the Commission an application for an order to authorize the extension of its existing CC&N at
Sedona in Yavapai County ("AWC Application").

The Big Park Application and the AWC Application both request that the territory referred to

1 in the amended Big Park Application as Parcel C, and in the AWC Application as Parcel I the
2 Fischer Property" or "the Fischer Parcel"), be added to their respective CC&N territories.¹

3 AWC was granted intervention in the Big Park Application by Procedural Order dated
4 October 19, 1998. By Procedural Order dated October 27, 1998, the contested Fischer Property was
5 severed from Big Park's Application for purposes of hearing. On October 29, 1998, a hearing was
6 held on the remaining territory requested in the Big Park Application, and Commission Decision No.
7 61371 (January 29, 1999) approved that portion of the Big Park Application.

8 Big Park was granted intervention in the AWC Application by Procedural Order dated
9 November 30, 1998, which also severed the Fischer Property from the AWC Application for
10 purposes of hearing.

11 After the filing of numerous motions, responses, and replies by the parties, by Procedural
12 Order dated January 11, 1999, the entirety of the AWC Application, including the Fischer Property,
13 was consolidated with the Big Park Application for the Fischer Property, and the hearing was set to
14 commence on March 23, 1999. The Commission's Utilities Division Staff ("Staff") filed its
15 Report in this matter on March 3, 1999. The hearing was held as scheduled before a duly authorized
16 Hearing Officer of the Commission. AWC, Big Park, and Staff appeared at the hearing and presented
17 evidence. Mr. Michael Whitehead testified on behalf of AWC and Mr. Steven Gudovic testified on
18 behalf of Big Park.

19 DISCUSSION

20 Big Park provides water service to approximately 2,218 customers in the area of the Village
21 of Oak Creek located south of Sedona in Yavapai County, Arizona.

22 AWC provides water service to various communities within the State of Arizona through
23 separate operating divisions. AWC serves approximately 425 customers in its Village of Oak Creek
24 operating system in Yavapai County. AWC's Sedona operating system is located near but is not
25 interconnected with its Village of Oak Creek operating system.

26 The Arizona Department of Environmental Quality ("ADEQ") indicates that both companies
27

28 ¹ Big Park's request for the Fischer Property was actually filed with the Commission on September 21, 1998, in an amendment to the Big Park Application.

1 provide water that meets the quality requirements of the Safe Drinking Water Act ("SDWA").

2 Both AWC and Big Park have applied for a CC&N to provide water utility service to the
3 Fischer Property, which lies east of Highway 179 and south of Wild Horse Mesa Drive in the
4 unincorporated Village of Oak Creek area. In addition to the Fischer Property, AWC's Application
5 requests the addition of several other parcels of land to its Certificate. The parcels requested by
6 AWC can be geographically divided into three categories: (1) those parcels lying west of Highway
7 179, described in the AWC Application as Parcels A through G and K; (2) those parcels lying east of
8 Highway 179 and south of Wild Horse Mesa Drive, described in the AWC Application as Parcels H
9 (the Fischer Property), J, L, M, and N; and (3) those parcels lying east of Highway 179 and north of
10 Wild Horse Mesa Drive, described in the AWC Application as Parcels O through KK. A map
11 depicting the locations of the above-described parcels is attached hereto as Exhibit A.

12 Big Park does not oppose AWC's request to have the parcels west of Highway 179 (Parcels A
13 through G and K) added to AWC's certificated area. Big Park contests AWC's request to have any
14 parcels that lie east of Highway 179 added to AWC's CC&N.

15 **Parcels A through G and K**

16 Parcels A through G and K are all contiguous to AWC's currently certificated territory west
17 of Highway 179. Staff recommended that these parcels be added to AWC's territory, and Big Park
18 does not contest their addition to AWC's Certificate. We find the addition of Parcels A through G
19 and K to AWC's Certificate to be in the public interest and will approve AWC's Application for
20 those parcels.

21 **Parcels H, J, L, M, and N**

22 AWC requests authority to serve the Fischer Parcel and Parcels J, L, M, and N. Big Park
23 requests authority to serve the Fischer Parcel, but does not request authority to serve Parcels J, L, M
24 or N. Big Park contends that neither AWC nor Big Park should be granted authority to serve Parcels
25 J, L, M or N.

26 **Parcel Boundaries**

27 These parcels lie east of Highway 179 and south of Wild Horse Mesa Drive, and between two
28 areas to their east and west that are already certificated to AWC. The Fischer Parcel and Parcel L are

1 both bounded on the north by Wild Horse Mesa Drive. The Fischer Parcel's northern bound is
2 contiguous to an area certificated to Big Park in Decision No. 60835 (April 30, 1998) which includes
3 the Las Piedras Development, and the area north of Parcel L is presently uncertificated. The western
4 boundary of the Fischer Parcel is contiguous to Parcel K. Big Park does not oppose the addition of
5 Parcel K to AWC's Certificate due to the fact that it lies west of Highway 179. Parcel L's eastern
6 boundary is contiguous to AWC's certificated Wild Horse Mesa Subdivision ("WHMS") system. In
7 1990, AWC installed a 6 inch pipeline that ties its WHMS system into its Village of Oak Creek
8 system, to the west across Highway 179. This AWC pipeline runs within the boundaries of Wild
9 Horse Mesa Drive, and adjacent to the northern boundaries of the Fischer Parcel and Parcel L. Parcel
10 J is located south of Parcel L, and AWC currently provides service to Parcel J. Parcels M and N lie
11 between Parcel L and Parcel J.

12 Property Owners' Requests

13 The developer of the Fischer Parcel, who has requested service for the Fischer Parcel from
14 Big Park, owns and operates a commercial facility located in Big Park's service territory d. y
15 north of the Fischer Parcel and Wild Horse Mesa Drive. In late 1998, Big Park installed an eight inch
16 line running from the Las Piedras Development south toward Wild Horse Mesa Drive, terminating
17 just north of the Fischer Parcel. The owner of Parcel L submitted a form letter to AWC indicating an
18 interest in obtaining water utility service, but also provided a public comment letter addressed to Mr.
19 Gudovic to the effect that she wishes to decide at a future date who will provide water utility service
20 to Parcel L. Another public comment form letter² was also addressed to Mr. Gudovic concerning
21 Parcel M, stating that there is no need for public utility water service to Parcel M at this time.

22 Big Park asserts that the business relationship that the owner of the Fischer Parcel has already
23 established with Big Park in provision of service to his commercial facility north of Wild Horse Mesa
24 Drive necessitates the extension of Big Park's CC&N to include the Fischer Parcel. Big Park also
25 contends that because public comment form letters state that there is no immediate need for public
26

27 ² Mr. Gudovic testified that a form letter by means of which such public comments were submitted to the Comm
28 was prepared by him. The letters were addressed to Mr. Gudovic, and requested that Mr. Gudovic "relay this message to
the Hearing Officer at the hearing scheduled on March 23, 1999." The content of these form letters cannot be accorded
the weight of sworn testimony subject to cross-examination, but are considered herein as public comment.

1 utility water service to Parcels L and M, they should not be added to AWC's CC&N at this time, but
2 that those property owners should be allowed to choose their public utility water service provider in
3 the future. Big Park stated that because Big Park does not chlorinate its water and AWC does,
4 customers should be allowed to choose between Big Park and AWC as their provider.³ AWC
5 contended that customer preference should not be the determining factor in the award of a CC&N.

6 The public comment form letters from the property owners of some of the parcels AWC seeks
7 to add to its CC&N territory contain the statement "In the future when water utility service will be
8 required, we will have the option to choose between Big Park Water Company and Arizona Water
9 Company." It is incumbent upon us to clarify any confusion that the inclusion of this statement in
10 form letters may have caused the property owners. Individual property owners have the right to
11 intervene as a party and present evidence in a CC&N proceeding, and also have the right to provide
12 public comment by appearing at a hearing, or by submitting written comments. However, individual
13 property owners do not have an "option to choose" which public utility service provider receives a
14 CC&N when there are competing applications by public service corporations before the Commission.
15 An individual property owner's request to be included or excluded from CC&N territory comprises
16 only one factor in the Commission's analysis of the public convenience and necessity.⁴ A
17 Commission decision to approve or deny a CC&N extension request must be based upon a
18 demonstration that the public interest will be served. In order to serve the public interest, water
19 utility CC&N boundaries should be rational in relation to existing facilities, and should also be
20 logically defined in order to provide certainty and to avoid future boundary disputes. These public
21 interest concerns can outweigh an individual property owner's interests and desires.

22 Staff pointed out that property developers are not the actual end-users of public utility
23 services, but also recommended that property owners' requests not to be included in any certificated
24 area should be honored.

25
26 ³ Big Park provided no substantiating evidence supporting its opinion that customers in this contested area prefer non-
27 chlorinated water other than obtaining agreement from Mr. Whitehead that customers in the Village of Oak Creek area are
28 generally environmentally sensitive. The public comment form letters make no mention of the chlorination/non-
chlorination issue.

⁴ Inclusion in the certificated territory of a public water utility company does not preclude a property owner from
providing its own service.

1 Rate Differential

2 Staff analyzed these competing applications, and based on a usage of 10,000 gallons per
3 month, found that AWC's monthly rates would be lower than Big Park's by \$12.75. Staff believes
4 that lower rates to the end user are the compelling factor in the consideration of the public interest in
5 this matter, and therefore recommended that Big Park's Application to serve the Fischer Parcel be
6 denied, and that AWC's Application to serve the Fischer Parcel be approved. Big Park disagreed
7 with Staff's usage of 10,000 gallons in its projections, and based on a level of usage of 5,364 gallons
8 per month, which Big Park felt more accurately reflected average consumption, projected a monthly
9 rate differential of only \$8.52. Big Park asserted that this rate differential may change if AWC
10 applies for a rate increase. Big Park further asserted that because the cost of the homes to be built on
11 the Fischer Parcel will likely exceed \$500,000, the rate differential is insignificant and does not
12 outweigh the established service relationship between the owner of the Fischer Parcel and Big Park,
13 or the freedom Big Park claims customers should have to choose Big Park's non-chlorinated water
14 over AWC's chlorinated water. We agree with Staff that lower rates to the end user are a comp
15 factor in this case, but only in conjunction with important geographic considerations as well, as
16 discussed below.

17 Conclusion

18 This set of parcels lies between two currently certificated areas of AWC, and already has
19 convenient and ready access to the infrastructure necessary to provide water utility service when the
20 need arises. Despite Big Park's objections regarding customer choice, rate differential, and its
21 existing business relationship with the owner of the Fischer Parcel, AWC is the logical provider of
22 service to these parcels. Three material factors make AWC the logical provider to these parcels: (1)
23 the location of the Fischer Parcel and Parcels J, L, M, and N to AWC's in relation to AWC's existing
24 certificated territory; (2) the fact that AWC facilities already exist on the Fischer Parcel and Parcels L
25 and J; and (3) AWC can provide service to the end-users at lower rates than Big Park.

26 Adoption of Staff's recommendation not to include Parcels L and M in AWC's certificated
27 area based on the public comment form letters could result in an irrational piecemeal division o
28 territory south of Wild Horse Mesa Drive. It would not serve the public interest to grant authority to

1 serve this area piecemeal, as such a division could foster uncertainty, future boundary disputes, and
2 unnecessary duplication of service. We find that it is in the public interest to approve AWC's request
3 to have the Fischer Parcel and Parcels J, L, M, and N added to its certificated territory at this time,
4 and will therefore approve AWC's request for those parcels.

5 **Parcels O through KK**

6 AWC requests an extension of its CC&N to encompass Parcels O through KK, which lie
7 north of Wild Horse Mesa Drive and south and east of Big Park's certificated territory. Some of
8 these 23 parcels are presently being served by domestic wells or homeowners' association wells.
9 AWC is presently providing service to Parcels O, P and Q, which are contiguous to AWC's WHMS
10 certificated area. Big Park does not request authority to serve any of these parcels, but opposes
11 AWC's Application for their inclusion in AWC's CC&N on the grounds that this set of parcels has
12 no immediate need for service.

13 Several owners of this set of parcels submitted public comment form letters addressed to Mr.
14 Gudovic to the effect that they have no need for public utility water service at this time and therefore
15 do not wish to be included in any certificated area.⁵ The owner of Parcel FF submitted a form letter
16 addressed to AWC indicating an interest in having AWC provide water utility service to that parcel.
17 Staff recommended that the Commission grant AWC's request for this set of parcels, but that the
18 Commission should also honor the requests of property owners who have requested not to be
19 included in any certificated area at this time.

20 Although the form letter from Parcel FF supports the AWC Application and indicates an
21 interest in obtaining water service from AWC, it does not demonstrate an immediate need for service.
22 Parcel FF is nearly completely surrounded by parcels that have no need for public water utility
23 service and have requested not to be included in any certificated area at this time. The location of
24 existing AWC facilities and the geographic location of Parcels R through KK are not such as to
25 require the inclusion of any of these parcels in AWC's certificated territory over the objections of
26 property owners in the area.

27
28 ⁵ See footnote 2, *supra*.

The areas described in the AWC Application as Parcels O, P, and Q are contiguous to _____'s certificated WHMS system, and have a demonstrated need for service. The public interest will be served by the addition of Parcels O, P, and Q to AWC's Certificate, and we will therefore approve AWC's request to have those parcels included in its certificated area. With the exception of Parcels O, P and Q, we agree with Big Park that there is no immediate need for public water utility service to the requested parcels north of Wild Horse Mesa Drive. Additionally, the geographic location of these parcels in relation to existing facilities and existing certificated territory does not require their certification at this time. We will therefore not approve AWC's request for authority to serve Parcels R through KK in this proceeding.

Summary

It would not serve the public interest to add the Fischer Parcel to Big Park's CC&N, because such action could lead to an illogical piecemeal division of the territory that lies between AWC's Village of Oak Creek system and its WHMS system. The public convenience and necessity require the extension of AWC's territory to include the Fischer Parcel and Parcels A, G, J, K, L, M, N, _____, and Q, which are fully described in Exhibits B₁ through B₁₆ attached hereto and incorporated herein by reference. The public convenience and necessity do not require the extension of AWC's certificated territory to include Parcels R, S, T, U, V, W, X, Y, Z, AA, BB, CC, DD, EE, FF, GG, HH, II, JJ and KK.

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. Big Park is an Arizona corporation engaged in providing water utility service to approximately 2,218 customers in the unincorporated Village of Oak Creek area in Yavapai County.

2. AWC is an Arizona corporation engaged in providing water utility service to various communities located throughout the State of Arizona. AWC serves approximately 425 customers in its Village of Oak Creek operating system in Yavapai County.

3. On July 8, 1998, Big Park filed the Big Park Application.

1 4. On September 21, 1998, Big Park amended the Big Park Application to include a request
2 for authority to serve the Fischer Property.

3 5. On October 19, 1998, AWC was granted intervention in the Big Park Application
4 proceedings.

5 6. On October 27, 1998, by Procedural Order, the contested Fischer Property was severed
6 from Big Park's Application for purposes of hearing.

7 7. On October 29, 1998, a hearing was held on the remaining territory requested in the Big
8 Park Application.

9 8. On November 19, 1998, AWC filed the AWC Application, which included a request for
10 authority to serve the Fischer Property and numerous other parcels of land in the vicinity.

11 9. On November 30, 1998, Big Park was granted intervention in the AWC Application
12 proceedings.

13 10. On January 11, 1999, the AWC Application was consolidated with the Big Park
14 Application for the Fischer Property, and the hearing was set for March 23, 1999.

15 11. On January 29, 1999 Commission Decision No. 61371 approved the Big Park Application
16 with the exception of the severed Fischer Property.

17 12. AWC caused notice of the hearing in this proceeding to be published in the Sedona Red
18 Rock News on February 17, 1999.

19 13. On March 3, 1999, Staff filed its Staff Report on this matter.

20 14. The hearing on this proceeding was held as scheduled and AWC, Big Park and Staff
21 appeared and presented evidence.

22 15. The AWC Application requests an extension of its CC&N territory to include the areas
23 referred to in the AWC Application as Parcels A through KK. The AWC Application refers to the
24 Fischer Property as Parcel H.

25 16. The portion of the Big Park Application heard in this proceeding requests an extension of
26 Big Park's CC&N territory to include the Fischer Property, which is referred to as Parcel C in the
27 amended Big Park Application.

28 17. Parcels A through G and K are contiguous to AWC's certificated Village of Oak Creek

1 operating system.

2 18. Big Park does not oppose the extension of AWC's CC&N territory to include Parcels A
3 through G and K.

4 19. Big Park opposes the extension of AWC's CC&N territory to include the Fischer Property
5 and Parcels L through KK.

6 20. AWC holds a CC&N for its WHMS system, a parcel of land east of Highway 179 and
7 south of Wild Horse Mesa Drive.

8 21. The Fischer Parcel and Parcels J, L, M and N lie between AWC's certificated WHMS
9 system and AWC's certificated Village of Oak Creek operating system.

10 22. In 1990, AWC tied its WHMS system into its Village of Oak Creek operating system by
11 means of a six-inch ductile iron pipeline that runs adjacent to the northern boundaries of the Fischer
12 Property and Parcel L.

13 23. AWC is currently providing service to parcels J, O, P, and Q, which are all located east of
14 Highway 179. Parcel J is located southwest of the WHMS system and south of Parcel L. Par),
15 P, and Q are north of and contiguous to the WHMS system.

16 24. The Fischer Parcel lies directly south of and contiguous to an area certificated to Big Park
17 on April 30, 1998 by Decision No. 60835.

18 25. In 1998, Big Park installed an eight-inch pipeline to the southern boundary of the area
19 certificated to Big Park by Decision No. 60835.

20 26. AWC can provide service to end-users on the Fischer Parcel and Parcels J, L, M and N at
21 lower rates than Big Park.

22 27. No immediate need for water utility service by a public service corporation has been
23 demonstrated for Parcels R through KK.

24 28. The location of existing AWC facilities and the geographic location of Parcels R through
25 KK are not such as to require the inclusion of any of these parcels in AWC's certificated territory
26 over the objections of property owners in the area.

27 29. In the Staff Report and at the hearing, Staff recommended the following:
28

- 1 (a) The application of Big Park for an extension of its existing CC&N for the Fischer Property should be denied;
- 2 (b) AWC should be granted an extension of its CC&N to include the Fischer Property; and
- 3 (c) AWC should be ordered to charge its existing rates and charges in the extension area until further Order of the Commission.

4 30. In the Staff Report and at the hearing, Staff also recommended that AWC should be
5 granted an extension of its CC&N for the territory requested in the AWC Application in addition to
6 the Fischer Parcel with the exception of those parcels where the owner has requested deletion.

7 31. No members of the public or property owners in the requested areas sought intervenor
8 status or appeared at the hearing to provide public comment.

9 32. At the hearing, Big Park presented public comment form letters, some of which were
10 undated, regarding Parcels L, M, U, V, W, X, Y, AA, BB, CC, GG and HH. The form letters were
11 addressed to Mr. Gudovic, and directed Mr. Gudovic to relay their message to the Hearing Officer at
12 the hearing scheduled on March 23, 1999. The form letters requested that certain parcels of land not
13 be included in the certificated territory of any public service water utility at this time.

14 33. The public comment form letters submitted by owners of undeveloped property do not
15 necessarily represent the views of the individuals who will be the ultimate customers of a public
16 service water utility company.

17 34. Mr. Gudovic testified that in his opinion, residents of the Village of Oak Creek area prefer
18 unchlorinated water to chlorinated water. This opinion was neither supported nor rebutted by
19 additional evidence.

20 35. Big Park testified that the rate differential cited by Staff in its recommendation to grant the
21 CC&N for the Fischer Parcel to AWC is insignificant when the real estate prices in the area of Oak
22 Creek Village are considered.

23 36. Neither rate differential nor customer preference are determinative factors of the public
24 interest, but are factors which must be weighed along with other important factors including the
25 rationality of CC&N boundaries in relation to existing facilities, and logical definition of CC&N
26 boundaries in order to provide certainty and to avoid future boundary disputes.

1 37. Staff's recommendations as set forth in Findings of Fact No. 29 are reasonable.

2 38. Staff's recommendations as set forth in Findings of Fact No. 30 are reasonable in regard
3 to Parcels U, V, W, X, Y, AA, BB, CC, GG and HH, but not in regard to Parcels L and M, where
4 public interest concerns outweigh the wishes expressed in the public comment form letters referred to
5 in that Staff recommendation.

6 39. The public convenience and necessity require the addition of Parcels A through G and K
7 to AWC's CC&N territory.

8 40. The public convenience and necessity do not require the certification of Parcels R through
9 KK at this time.

10 41. Because Parcels O, P, and Q are contiguous to AWC's certificated WHMS system and
11 AWC is providing service to them, it is in the public interest to extend AWC's CC&N territory to
12 include Parcels O, P, and Q.

13 42. Because the Fischer Parcel and Parcels J, L, M and N lie between AWC's certificated
14 Village of Oak Creek and WHMS systems, which have been interconnected since 1990, be-
15 piecemeal division of the territory that lies between AWC's Village of Oak Creek system and its
16 WHMS system should be avoided, and because AWC can provide service to end-users at lower rates
17 than Big Park, it is in the public interest to add the Fischer Parcel and Parcels J, L, M and N to
18 AWC's CC&N territory. For the same reasons, it is not in the public interest to add the Fischer
19 Parcel to Big Park's CC&N.

20 43. Parcels A, B, C, D, E, F, G, H (the Fischer Parcel) J, K, L, M, N, O, P, and Q are fully
21 described in Exhibits B₁ through B₁₆ attached hereto and incorporated herein by reference.

22 44. AWC is in compliance with ADEQ regulations and is serving water that meets the quality
23 requirements of the SDWA.

24 CONCLUSIONS OF LAW

25 1. AWC is a public service corporation within the meaning of Article XV of the Arizona
26 Constitution and A.R.S. §§ 40-281 and 40-282.

27 2. Big Park is a public service corporation within the meaning of Article XV
28 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

3. The Commission has jurisdiction over AWC and Big Park and the subject matter of the Applications.

4. Notice of the hearing was given in accordance with the law.

5. AWC is a fit and proper entity to receive an amended Certificate which encompasses the area described in Exhibits B₁ through B₁₆.

6. The public convenience and necessity require the extension of AWC's Certificate to include the extension area described in Exhibits B₁ through B₁₆.

7. The Staff recommendations as set forth in Findings of Fact No. 29 should be adopted.

ORDER

IT IS THEREFORE ORDERED that the application of Arizona Water Company for an extension of its Certificate of Convenience and Necessity to include the area more fully described in Exhibits B₁ through B₁₆, attached hereto and incorporated herein by reference, is hereby granted.

IT IS FURTHER ORDERED that the application of Arizona Water Company for an extension of its Certificate of Convenience and Necessity to include areas other than those described in Exhibit B is hereby denied.

IT IS FURTHER ORDERED that the application of Big Park Water Company for an extension of its Certificate of Convenience and Necessity to include the Fischer Property is hereby denied.

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1 IT IS THEREFORE ORDERED that Arizona Water Company shall charge its existin *es
2 and charges in the extension area until further Order of the Commission.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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7 CHAIRMAN

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COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL Executive
Secretary of the Arizona Corporation Commission, have
hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of Phoenix,
this 21st day of July, 1999.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT
TW:bbs

1 SERVICE LIST FOR: ARIZONA WATER COMPANY
2 BIG PARK WATER COMPANY
3 DOCKET NOS. W-01445A-98-0667
W-01624A-98-0367
4 Robert W. Geake
Vice President and General Counsel
5 ARIZONA WATER COMPANY
Post Office Box 29006
6 Phoenix, Arizona 85038-9006
7 Richard Sallquist
SALLQUIST & DRUMMOND, PC
8 2525 East Arizona Biltmore Circle, Suite. 117
Phoenix, Arizona 85016-2129
9 Attorneys for Big Park Water Company
10 George Fischer, General Partner
SEDONA DIVERSIFIED PROPERTIES LIMITED PARTNERSHIP
11 7373 North Scottsdale Road, Suite 162B
Scottsdale, Arizona 85253
12 Paul Bullis, Chief Counsel
13 Legal Division
ARIZONA CORPORATION COMMISSION
14 1200 West Washington Street
Phoenix, Arizona 85007
15 Director, Utilities Division
16 ARIZONA CORPORATION COMMISSION
1200 West Washington
17 Phoenix, Arizona 85007
18
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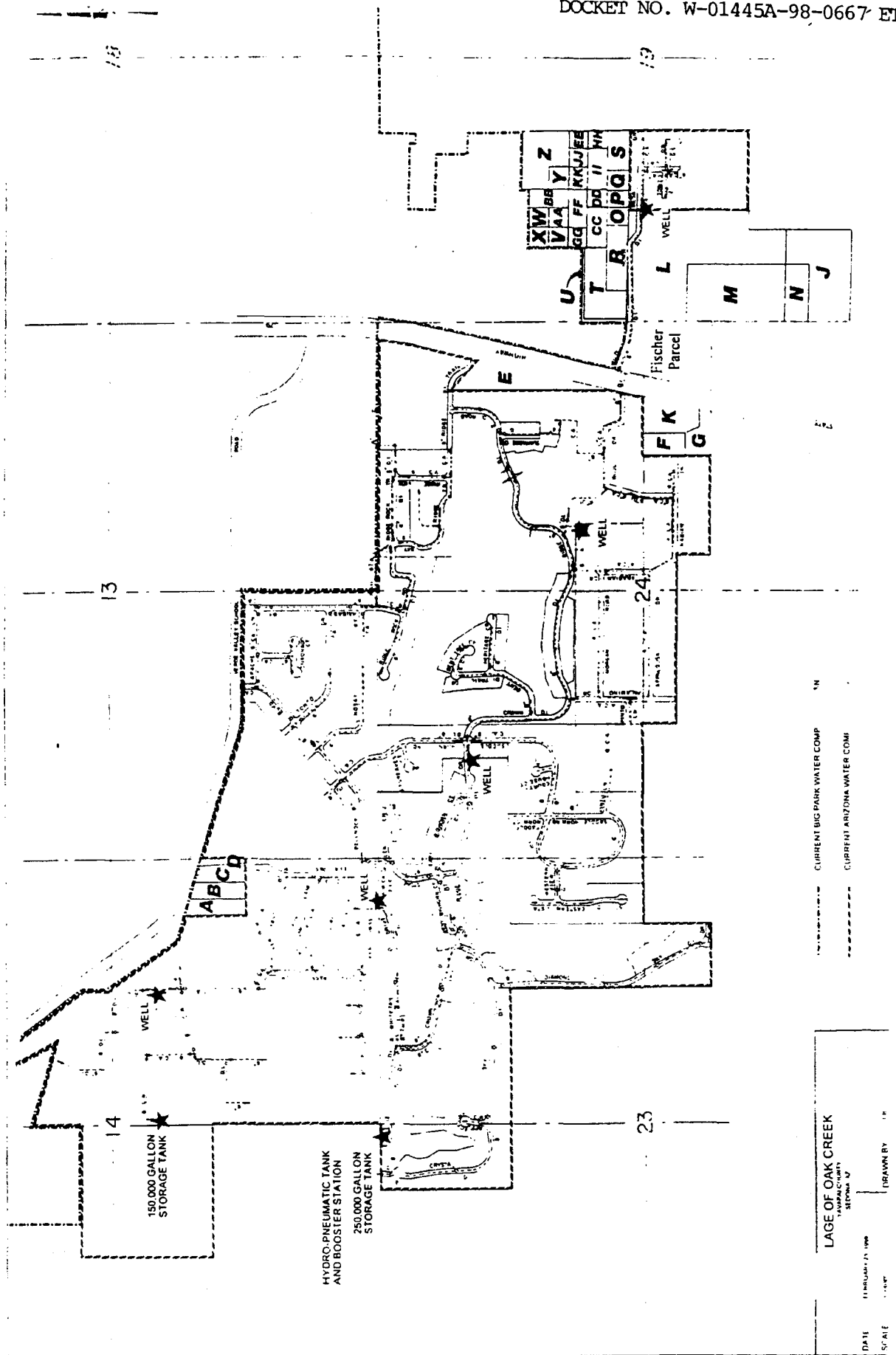


EXHIBIT A

DECISION NO. 61849

PARCEL A

A tract of land in the Northeast Quarter of the Southeast Quarter of Section 14, Township 16 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

Commencing at the Southeast corner of said Section 14;
Thence along the East line of said Section 14, N00°01'W a distance of 1323.02 Feet;
Thence N89°55'W a distance of 422.22 Feet to the TRUE POINT OF BEGINNING for the herein described tract;
Thence N89°55'W a distance of 155.00 Feet to the Southwest corner of the Wohlschlegel 6 acre tract;
Thence along the West line of the Wohlschlegel tract, N00°01'W a distance of 627.68 Feet to the Northwest corner of last said tract;
Thence along the Northerly line of last said tract, S71°47'E a distance of 163.19 Feet;
Thence S00°01'E a distance of 576.89 Feet to the True Point Of Beginning.

EXCEPT that portion described as follows:

Commencing at the Southwest corner of the above described tract of land;
Thence N00°01'W a distance of 589.39 Feet to the TRUE POINT OF BEGINNING;
Thence continuing N00°01'W a distance of 38.29 Feet to a point;
Thence S71°47'E a distance of 163.19 Feet to a point;
Thence S00°01'E a distance of 35.05 Feet to a point;
Thence N72°52'11"W a distance of 162.03 Feet to the True Point Of Beginning.

EXHIBIT B₁

DECISION NO. 61849

PARCEL B

A tract of land in the Northeast Quarter of the Southeast Quarter of Section 14, Township 16 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, Described as follows:

Commencing at the Southeast corner of said Section 14;
Thence along the East line of said Section 14, N00°01'W a distance of 1323.02 Feet;
Thence N89°55'W a distance of 422.22 Feet to the TRUE POINT OF BEGINNING;
Thence N00°01'W a distance of 576.89 Feet;
Thence S71°47'E a distance of 173.72 Feet;
Thence S00°01'E a distance of 522.82 Feet;
Thence N89°55'W a distance of 165.00 Feet to the True Point Of Beginning.

EXCEPT that portion described as follows:

Commencing at the Southwest corner of the above described tract of land;
Thence N00°01'W a distance of 541.84 Feet to the TRUE POINT OF BEGINNING;
Thence continuing N00°01'W a distance of 35.05 Feet to a point;
Thence S71°47'E a distance of 173.72 Feet to a point;
Thence S00°01'E a distance of 31.60 Feet to a point;
Thence N72°52'11"W a distance of 172.67 Feet to the True Point Of Beginning.

EXHIBIT B₂

DECISION NO. 61849

PARCEL C

A tract of land in the Northeast Quarter of the Southeast Quarter of Section 14, Township 16 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

Commencing at the Southeast corner of said Section 14;
 Thence along the East line of said Section 14, N00°01'W a distance of 1323.02 Feet;
 Thence N89°55'W a distance of 65.19 Feet to the TRUE POINT OF BEGINNING for the herein described tract;
 Thence N89°55'W a distance of 192.03 Feet to the Southwest corner of this tract;
 Thence N00°01'W a distance of 522.82 Feet to the Northwest corner;
 Thence along the Northerly line, S71°47'E a distance of 163.81 Feet;
 Thence S04°26'E a distance of 473.35 Feet to the True Point Of Beginning.

EXCEPT that portion described as follows:

Commencing at the Southwest corner of the above described tract of land;
 Thence N00°01'W a distance of 491.22 Feet to the TRUE POINT OF BEGINNING;
 Thence continuing N00°01'W a distance of 31.60 Feet to a point;
 Thence S71°47'E a distance of 163.81 Feet to a point;
 Thence S04°26'E a distance of 29.13 Feet to a point;
 Thence N72°52'11"W a distance of 165.17 Feet to the True Point Of Beginning.

EXHIBIT B₃

DECISION NO. 61849

PARCEL D

A tract of land in the Southwest Quarter of Section 13 and the Southeast Quarter of Section 14, all in Township 16 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

Beginning at a point on the section line common to said Section 13 and 14, distant along said section line, N00°01'W a distance of 1077.65 Feet from the South section corner common to said sections:

Thence N89°59'E a distance of 75.00 Feet;

Thence S00°01'E a distance of 70.00 Feet;

Thence N89°59'E a distance of 210.04 Feet;

Thence N00°01'W a distance of 70.00 Feet;

Thence N89°59'E a distance of 210.04 Feet;

Thence N00°01'W a distance of 502.05 Feet to the Southerly line of Oak Creek Country Club West Subdivision, the map of said subdivision is recorded in Book 14 of maps and plats, Page 71, records of Yavapai County Recorder:

Thence along said Southerly line N72°21'08"W (map bearing N72°30'06"W) a distance of 624.14 Feet to the East line of Deer Pass Drive:

Thence along said East line S04°26'E a distance of 693.50 Feet:

Thence N89°59'E a distance of 46.23 Feet to the True Point Of Beginning.

Except that portion which lies East of the East Section line of the Southeast Quarter of Section 14 and that portion which lies South of the South line of the Southeast Quarter of the Northeast Quarter of the Southeast Quarter of Section 14, Township 16 North, Range 5 East, G.S.R.B. & M., Yavapai County, Arizona.

EXHIBIT B₄

DECISION NO. 618 49

Parcel E

A parcel of land situated in the Northeast quarter of Section 24, Township 16 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

COMMENCING at the Northeast corner of said Section 24, as marked by a $\frac{5}{8}$ inch steel rod, from which the North quarter corner of said Section 24, as marked by a 2 inch pipe, lies N89°54'13"W, a distance of 2,645.16 feet;

Thence from said point of commencement, N89°54'13"W, coincident with the North line of said Section 24, a distance of 156.45 feet to a punch mark set in an A.H.D. brass cap on the West right-of-way line of Arizona State Highway 179;

Thence continuing N89°54'13"W, along said north line, a distance of 505.15 feet to a point;

Thence S00°00'30"E a distance of 699.51 feet to the TRUE POINT OF BEGINNING;

Thence continuing S00°00'30"E, a distance of 1,599.47 feet to a point on the West right-of-way line of said State Highway 179;

Thence N12°48'00"E, coincident with said west right-of-way line, a distance of 1,396.07 feet to a point on a non-tangent curve;

Thence along said curve, concave to the Northeast, having a radius of 141.05 Feet from which a radial line bears S15°46'31"W; thence Northwesterly through a central angle of 47°16'20", an arc length of 116.37 feet to a point of tangency;

Thence N26°57'09"W a distance of 48.54 feet to a point of curvature;

Thence along a curve, concave to the Southwest, having a radius of 225.00 feet with a central angle of 62°54'31", an arc length of 247.04 feet to a point of tangency;

Thence N89°51'40"W a distance of 0.13 feet to the True Point Of Beginning.

EXHIBIT B₅

DECISION NO. 61849

PARCEL F

A parcel of land being situated in the Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 24, Township 16 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

Commencing at the East Quarter corner of said Section 24 as marked by a B.L.M. brass capped pipe and from which the Southeast corner of said Section 24, as marked by a 1-1/4" pipe, lies S00°02'24"E (basis of bearings) a distance of 2643.63 Feet;

Thence from said East Quarter corner of Section 24, N89°59'17"W a distance of 1,101.69 Feet along the North line of the Southeast Quarter of Section 24 to the TRUE POINT OF BEGINNING;

Thence S00°04'18"E a distance of 400.00 Feet;

Thence N89°59'17"W a distance of 218.00 Feet to the West line of said Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 24;

Thence N00°04'18"W a distance of 400.00 Feet to the Northwest corner of said Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 24;

Thence S89°59'17"E a distance of 218.00 Feet to the True Point Of Beginning.

EXHIBIT B₆

DECISION NO. 61849

PARCEL G

A parcel of land being situated in the Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 24, Township 16 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

Commencing at the East Quarter corner of said Section 24 as marked by a B.L.M. brass capped pipe and from which the Southeast corner of said Section 24, as marked by a 1-1/4" pipe, lies S00°02'24"E (basis of bearings) a distance of 2643.63 Feet;

Thence from said East Quarter corner of Section 24, N89°59'17"W a distance of 737.40 Feet along the North line of the Southeast Quarter of Section 24 to the West Right-Of-Way line of Arizona State Highway 179;

Thence S12°46'24"W a distance of 560.06 Feet along said West Right-Of-Way line to the TRUE POINT OF BEGINNING

Thence S12°46'24"W a distance of 117.92 Feet along said West Right-Of-Way line to the South line of said Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 24;

Thence S89°59'28"W a distance of 431.56 Feet to the Southwest corner of said Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 24;

Thence N00°04'18"W a distance of 261.39 Feet along the West line of said Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 24;

Thence S89°59'17"E a distance of 218.00 Feet;

Thence S23°01'38"E a distance of 158.97 Feet;

Thence N89°59'28"E a distance of 177.78 Feet to the True Point Of Beginning.

EXHIBIT B₇

DECISION NO. 61849

PARCEL H

A parcel of land being situated within the East Half of Section 24, Township 16 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona; Said parcel being more particularly described as follows:

Beginning at the East Quarter corner of said Section 24;
Thence N00°02'24"W a distance of 176.13 Feet to a point;
Thence N87°04'38"W a distance of 171.75 Feet to a point;
Thence N70°19'38"W a distance of 311.36 Feet to a point;
Thence S12°47'44"W a distance of 981.16 Feet to a point;
Thence N90°00'E a distance of 682.60 Feet to a point;
Thence N00°02'24"W a distance of 667.09 Feet to the Point Of Beginning.

EXHIBIT B₈

DECISION NO. 61849

PARCEL J

A parcel of land situated in Lot 7 and in the West Half of the Northeast Quarter of the Southwest Quarter of the Southwest Quarter of Section 19, Township 16 North, Range 6 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

Commencing at the Southwest corner of said Section 19 as marked by a 1-1/4" pipe and from which, the West Quarter corner of said Section 19, as marked by a B.L.M. Brass capped pipe, lies N00°02'24"W a distance of 2,643.63 Feet;
Thence from said point of commencement, N00°02'24"W a distance of 660.91 Feet to the Southwest corner of said Lot 7, being the TRUE POINT OF BEGINNING;
Thence N00°02'24"W a distance of 626.59 Feet along the West line of said Lot 7 to a point;
Thence N89°57'36"E a distance of 889.38 Feet to a point on the East line of said West Half of the Northeast Quarter of the Southwest Quarter of the Southwest Quarter of Section 19;
Thence S00°09'38"E a distance of 632.13 Feet to the Southeast corner of said West Half of the Northeast Quarter of the Southwest Quarter of the Southwest Quarter of Section 19;
Thence N89°41'01"W a distance of 890.73 Feet to the True Point Of Beginning.

EXCEPT

A parcel of land situated in Lot 7 of Section 19, Township 16 North, Range 6 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

Commencing at the Southwest corner of said Section 19 as marked by a 1-1/4" pipe and from which, the West Quarter corner of said Section 19, as marked by a B.L.M. Brass capped pipe, lies N00°02'24"W a distance of 2,643.63 Feet;
Thence from said point of commencement N00°02'24"W a distance of 1,064.56 Feet along the West line of the Southwest Quarter of said Section 19 to the TRUE POINT OF BEGINNING;
Thence N00°02'24"W a distance of 222.94 Feet along the West line of said Lot 7 to a point;
Thence N89°57'36"E a distance of 558.70 Feet to a point;
Thence S00°2'24"E a distance of 222.94 Feet to a point;
Thence S89°57'36"W a distance of 558.70 Feet to the True Point Of Beginning.

EXHIBIT B₉

DECISION NO. 61849

PARCEL 'K'

A parcel of land situated in the Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 24, Township 16 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

Commencing at the East Quarter corner of said Section 24 as marked by a B.L.M. brass capped pipe and from which the Southeast corner of said Section 24, as marked by a 1-1/4" pipe, lies S00°02'24"E (basis of bearings), a distance of 2,643.63 Feet;
Thence from said East Quarter corner of Section 24, N89°59'17"W a distance of 737.40 Feet along the North line of the Southeast Quarter of Section 24 to the West Right-Of-Way line of Arizona State Highway 179 and the TRUE POINT OF BEGINNING;
Thence S12°46'24"W a distance of 677.98 Feet along said West Right-Of-Way line to the South line of said Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 24;
Thence S89°59'28"W a distance of 431.56 Feet to the Southwest corner of said Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 24;
Thence N00°04'18"W a distance of 661.39 Feet to the Northwest corner of said Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 24;
Thence S89°59'17"E a distance of 582.29 Feet to the True Point Of Beginning.

Excepting therefrom those parcels 'F' & 'G' of Arizona Water Company C.C.&N. Application Number W-01445A-98-0667.

EXHIBIT B₁₀

DECISION NO.

61849

PARCEL L

A portion of the West Half of Section 19, Township 16 North, Range 6 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

BEGINNING at the West Quarter corner of said Section 19;
Thence N00°01'18"E along the Westerly boundary of said Section 19 a distance of 180.00 Feet to a point;
Thence S89°59'21"E a distance of 1,067.49 Feet to a point;
Thence S00°44'47"E a distance of 1,176.21 Feet to a point, which point is on the Northerly boundary of the Southeast Quarter of the Southeast Quarter of the Northwest Quarter of the Southwest Quarter of said Section 19;
Thence N89°43'57"W along the Northerly boundary of the Southeast Quarter of the Southeast Quarter of the Northwest Quarter of the Southwest Quarter of said Section 19, a distance of 179.82 Feet to a point, which point is the Northwest corner of the Southeast Quarter of the Southeast Quarter of the Northwest Quarter of the Southwest Quarter of said Section 19;
Thence S00°6'48"E along the Westerly boundary of said Southeast Quarter of the Southeast Quarter of the Northwest Quarter of the Southwest Quarter of said Section 19, a distance of 360.75 Feet to a point;
Thence West a distance of 331.43 Feet to a point;
Thence North a distance of 956.13 Feet to a point;
Thence West a distance of 558.70 Feet to a point, which point is on the Westerly boundary of said Section 19;
Thence North along the Westerly boundary of said Section 19, a distance of 400.00 Feet to the West Quarter corner of said Section 19, which point is the True Point Of Beginning.

EXHIBIT B₁₁

DECISION NO. 61849

PARCEL M

A parcel of land situated within Lot 6 and 7 of the Southwest Quarter of the Southwest Quarter of Section 19, Township 16 North, Range 6 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

Commencing at the Southwest corner of said Section 19 as marked by a 1-1/4" pipe from which, the West Quarter corner of said Section 19, as marked by a B.L.M. brass capped pipe, lies N00°02'24"W a distance of 2643.63 Feet;

Thence from said point of Commencement, N00°02'24"W a distance of 1,287.50 Feet along the West line of said Lot 7 and Lot 6, being the TRUE POINT OF BEGINNING;

Thence N00°02'24"W a distance of 956.13 Feet along the West line of Said Lot 7 and Lot 6 to a point;

Thence N89°57'36"E a distance of 558.70 Feet to a point on the East line of Lot 6;

Thence S00°02'24"E a distance of 956.13 Feet along the East line of said Lot 6 to a point;

Thence S89°57'36"W a distance of 558.70 Feet to a point on the West line of Lot 7 and the True Point Of Beginning.

EXHIBIT B₁₂

DECISION NO. 61849

PARCEL N

A parcel of land situated in Lot 7 of Section 19, Township 16 North, Range 6 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

Commencing at the Southwest corner of said Section 19 as marked by a 1-1/4" pipe from which, the West Quarter corner of said Section 19, as marked by a B.L.M. brass capped pipe, lies N00°02'24"W a distance of 2643.63 Feet;

Thence from said point of commencement, N00°02'24"W a distance of 1,064.56 Feet along the West line of the Southwest Quarter of said Section 19 to the TRUE POINT OF BEGINNING;

Thence N00°02'24"W a distance of 222.94 Feet along the West line of said Lot 7 to a point;

Thence N89°57'36"E a distance of 558.70 Feet to a point;

Thence S00°02'24"E a distance of 222.94 Feet to a point;

Thence S89°57'36"W a distance of 558.70 Feet to the True Point Of Beginning.

EXHIBIT B₁₃

DECISION NO. 61849

PARCEL O

A parcel of land being a portion of the West Half of Section 19, Township 16 North, Range 6 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

Beginning at the West One-Quarter corner of said Section 19 marked with a stone and marked 1/4 on the West face;

Thence N00°01'18"E a distance of 180.00 Feet;

Thence S89°59'21"E a distance of 1,472.49 Feet to a point which is the most Northerly and Easterly corner of Lot 4 of Wild Horse Mesa Subdivision;

Thence N89°59'21"W a distance of 369.13 Feet to the TRUE POINT OF BEGINNING, said point being on the Northerly line of Lot 1 of Wild Horse Mesa Subdivision;

Thence N00°04'28"W a distance of 208.00 Feet;

Thence N89°59'21"W a distance of 168.27 Feet;

Thence S00°04'28"E a distance of 208.00 Feet;

Thence S89°59'21"E a distance of 168.27 Feet to the True Point Of Beginning.

EXHIBIT B₁₄

DECISION NO. 61849

PARCEL P

A parcel of land being a portion of the West Half of Section 19, Township 16 North, Range 6 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

Beginning at the West One-Quarter corner of said Section 19 marked with a stone, and marked 1/4 on the West face;

Thence N00°01'18"E a distance of 180.00 Feet;

Thence S89°59'22"E a distance of 1,472.49 Feet to a point which is the most Northerly and Easterly corner of Lot 4 of Wild Horse Mesa Subdivision;

Thence N89°59'21"W a distance of 200.86 Feet to the TRUE POINT OF BEGINNING, said point also being on the Northerly line of Lot 3 of Wild Horse Mesa Subdivision;

Thence N00°04'28"W a distance of 208.00 Feet;

Thence N89°59'21"W a distance of 168.27 Feet;

Thence S00°04'28"E a distance of 208.00 Feet;

Thence S89°59'21"E a distance of 168.27 Feet to the True Point Of Beginning.

EXHIBIT B₁₅

DECISION NO. 61849

PARCEL Q

A parcel of land being a portion of the West Half of Section 19, Township 16 North, Range 6 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, more particularly described as follows:

Beginning at the West Quarter corner of said Section 19 marked with a stone and marked 1/4 on the West face;

Thence N00°01'18"E a distance of 180.00 Feet;

Thence S89°59'21"E a distance of 1,472.49 Feet to a said point which is the most Northerly and Easterly corner of Lot 4, Wild Horse Mesa Subdivision and said point being the TRUE POINT OF BEGINNING;

Thence N00°04'28"W a distance of 208.00 Feet;

Thence N89°59'21"W a distance of 200.86 Feet;

Thence S00°04'28"E a distance of 208.00 Feet;

Thence S89°59'21"E a distance of 200.86 Feet to the True Point Of Beginning.

EXHIBIT B₁₆

DECISION NO. 61849